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An unending variety of topics

Tuesday, August 28, 2007

Why the industrial revolution?

There is currently a hot debate at Marginal Revolution and elsewhere over Gregory Clark's new book, *A Farewell to Alms*. I can't do Clark justice with a short explanation, but in brief he posits that the rich outbred the poor so quickly in medieval England that a eugenic effect occurred, giving the English traits of temperament such as harder work, longer time preferences, etc. that made the industrial revolution possible. I find the political incorrectness of Clark's explanation refreshing, but I'm not convinced, given that the rich tended to outbreed the poor during most eras and in most cultures of history prior to the industrial revolution. Even worse, Clark's theory can't explain why England fell behind most of the rest of Western Europe, and later most of the rest of the industrial world, in industrial and later economic progress after about 1870. Genetic change doesn't work nearly that fast.

I've argued that the printing press, combined with a free market in books and the resulting spread of literate culture and the rise of national languages, gave Europe an institutional superiority over other cultures of that era that is now hard to fathom. As the term "literate culture" does not connote the radical shift in our very thought processes that occurred, I call this effect "book consciousness."

This led, in the first instance, to Western European conquest of the world's seas and colonization all over the planet -- a conquest that has been substantially reversed and could not be duplicated today because now most of the world shares book consciousness. It also led to a radical change in the way work skills were taught to children, which along with the scientific revolution and other fruits of the printing press led to the industrial revolution.

Clark's own data on wages and productivity can best be explained, I believe, by the radical changes in child investment strategy reflected in Protestant Reformation and a central aspect of book consciousness.

Finally, the industrial revolution occurred first in England rather than other parts of Western Europe due to the security advantages of being an island. Not at all coincidentally, England was by 1800 the leading colonial power. England was protected at low cost by its navies from most of the organized violence that ravaged the continent. This allowed it to develop a more secure regime of property rights, which in turn lowered the risks of the large capital outlays needed for industrialization. For a similar reason Japan initially outpaced its continental Asian rivals in industrialization.

Here's a link to the debate at Marginal Revolution.

Posted by Nick Szabo at 4:53 PM

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Nick Szabo

"A premier thinker about history, law and economics, and the lessons they have for security." -- Adam Shostack, Emergent Chaos

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6 comments:

Byrne Hobart said...

Perhaps evolution doesn't work that fast, but that doesn't rule it out: I wouldn't be surprised if the British had created a system (industrialization, colonialism, civil liberties) that let them expand quickly, but ceded the advantage to someone else.

An analogy might be that if you have two sets of laws, one of which protects IP and one of which does not, the country with IP protection will probably advance first (they have more incentives), but the country without will advance further (the price of new information will be the marginal cost of learning it, not the profit-maximizing point of selling it).

In England's case, I think they created cultural institutions that worked well, and exported them to places that could use them more effectively. When a country gradually transitions from aristocracy to meritocracy, it keeps vestiges of the old system (kings? House of Lords? Ridiculous class distinctions?), but a sudden exposure to fully-developed market system kills off the old institutions before they can inoculate themselves.

8:18 AM

nick said...

It's *genetic* evolution that doesn't work that fast. I quite agree that memetic evolution can work that fast, which is why I think it must be almost entirely cultural rather than genetic evolution that explains these large changes over the last 500 years including both Western Europe's colonization of the planet and the industrial revolution.

In England's case, I think they created cultural institutions that worked well, and exported them to places that could use them more effectively.

I think to some extent this is true. It is certainly true in the broader sense that Western Europe developed book consciousness (which includes raising most children to be literate, teaching knowledge and even some skills primarily through books rather that orally, national languages, science, large organizations, and a number of other aspects of "modernity" all stemming from the rise of a market in cheap books from a a diverse and competitive industry of printers) and then exported it to most of the rest of the world.

11:26 AM

Daniel A. Nagy said...

Could you please explain the bit about "national languages" and how they are advantageous?
In every country I have seen and those (past and present) that I have read about, carriers of trans-cultural languages tend to be more successful economically than those who only speak, read and write in their local national language.
Right now, I am on vacation (which includes some business activity) in Uzbekistan and this difference is striking; those who don't speak Russian and/or English are at a severe economic disadvantage, despite the fact that the government makes considerable efforts to promote the national (Uzbek) language. On the other hand, Russian- and English-speakers (both ex-pats and natives of Uzbekistan) feel absolutely no need to learn Uzbek. Even learning "the other" trans-cultural language (Russian for English-speakers and *vice versa*) is far more important.

(P.S. blogger.com is censored by the government here. Not very effectively, as you can see).

12:29 AM

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nick said...

Daniel, it's great to see you getting through the filters.

DN: "...explain the bit about "national languages" and how they are advantageous?
In every country I have seen and those (past and present) that I have read about, carriers of trans-cultural languages tend to be more successful economically than those who only speak, read and write in their local national language."

I'm talking about similar effects but on a smaller scale. Before widespread literacy, there were many local languages (not merely dialects) for every national language that eventually emerged. Knowing the national language (the standard language agreed on by printers, lawyers, and churches, but mainly printers) made one "inter-tribal" just as knowing multiple languages now can make one international.

Even more important, but related, is a trust effect. One is more likely to initially trust another if the two speak the same language. This allows for much greater cooperation, and thus we see the great increase in the size of organizations, first the colonial companies (like the East India Company) and then industrial enterprises.

3:01 PM

Daniel A. Nagy said...

Oh, now I see what you mean and I agree with it. Indeed, the unifying effect of mass-media and publishing on any particular language is beyond dispute.

The issue of trust cuts both ways, though. I think, this is the primary reason for smaller languages to exist at all and even bigger ones to break up into dialects (and eventually diverge into distinct languages). Otherwise, the world would have converged on a single language long time ago. In reality, however, a smaller language enables the community of its speakers to build an exclusive network of trust relationships reinforced by the common language.

I suspect that linguistic diversity is a permanent feature of humanity, precisely because of the trust relationships enabled by non-universal languages.

11:11 PM

nick said...

DN: "a smaller language enables the community of its speakers to build an exclusive network of trust relationships reinforced by the common language."

I agree and add that the smaller the group, the more stable and reliable the trust relationships will be. National languages create an *illusion* that we all belong to one big tribe, but the number of people whom we can get to know well enough to actually know their reliability sufficiently is still small (cf. Dunbar number). The national language thus works primarily for overcoming the initial barrier of distrust and facilitates the communication of information about reliability, but other trust-building mechanisms have to kick in else the illusion degrades. Also, the illusion of trustworthiness is an unstable situation that can give rise to kleptoparasites, e.g. fraud artists, who take advantage of the artifically high level of initial trust.

People who speak multiple languages can arbitrage between different trust networks which would otherwise be mutually exclusive.

National languages I believe helped give rise to the possibility of creating specialized officers' corps, managers, and bureaucracies by overcoming the initial hurdle of distrust and allowing for much greater sharing of knowledge and experience. This catalyzed other institutional breakthroughs that led in the first instance to Europe's conquest of world trade and later to the industrial revolution.

2:44 PM

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